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New Era Energy, Inc.

31 January 2003

Clerk of the State Corporation Commission
c/o Document Control Center
P.O. Box 2118
Richmond, Virginia 23218

Subject: PUE 2002 00645

Dear Sirs:

New Era Energy, Inc. submits the following comments in response to the 23 December 2002 Order Establishing Investigation concerning the provision of default service to retail customers under the provisions of the Virginia Electric Utility Restructuring Act.

We believe that default service should only apply to competitive supply services. It should not apply to regulated Distribution Services. The primary purpose should be to recognize that a full transition to competitive supply is hindered by customer's inertia, lack of awareness and/or distrust. The forced transition to a default Competitive Service Provider (CSP) should take place only after a viable competitive market has emerged and a substantial portion, perhaps a majority, of customers have already shifted providers. If a viable competitive market has not yet emerged and the existing competitors have obvious excessive market power, creating a bidding process that only they are likely to win only compounds that market power.

Rather than set a specific date for a transition to default providers, the date should be based a specified number of months after the achievement of a competitive market, the criteria for which can be defined by legislation.

If default supply providers are only established as a result of competitive bidding into an existing competitive market, then any qualified bidder should be able to seek any portion of the market he desires to bid on.

We assume that default service is being established to accelerate the elimination of the Local Distribution Company (LDC) from providing any services other than the regulated distribution service that they will retain. With that in mind, a default provider should be required to provide all services for their customers that are not intended by the Restructuring Act to be retained by the LDC. The service should be provided directly to the customer.

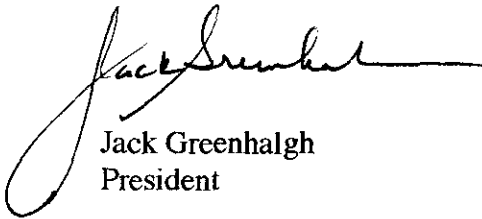
If the market evolves in a manner that creates viable competition for certain classes of customer and not others, the General Assembly should consider whether the legislation

should be changed to allow using a default provider approach to complete the transition of only those classes.

When a default provider is established, all of the examples of customer types in paragraph (10) of the order should be included. After the transition is essentially complete, there will be continuing situations in which customers will need to be assigned to a default provider. The LDC should automatically assign such customers to the applicable default provider unless the customer elects to specify a different CSP.

Default providers of supply service should bill for their services in the same manner as other CSPs would do and as they do for other customers attained through competitive marketing. Metering, billing and collection would also follow the same practice that applies to the competitive market.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Greenhalgh", with a long horizontal flourish extending to the right.

Jack Greenhalgh
President